

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Rulemaking on the Commission's Own Motion to Govern Open Access to Bottleneck Services and Establish A Framework for Network Architecture Development of Dominant Carrier Networks.

Rulemaking 93-04-003
(Filed April 7, 1993)

Investigation on the Commission's Own Motion into Open Access and Network Architecture Development of Dominant Carrier Networks.

Investigation 93-04-002
(Filed April 7, 1993)

(Verizon UNE Phase)

**ADMINISTRATIVE LAW JUDGE'S RULING
REVISING SCHEDULE FOR SETTING UNBUNDLED
NETWORK ELEMENT RATES
FOR VERIZON CALIFORNIA, GRANTING
INTERVENTION REQUEST, AND UPDATING SERVICE LIST**

This ruling revises the schedule for the "Verizon Unbundled Network Element (UNE) Phase" of Rulemaking 93-04-003/Investigation 93-04-002 (OANAD proceeding), in which the Commission will set recurring and nonrecurring prices for Verizon California's (Verizon) UNEs, and price floors for Verizon's Category II services. As discussed at the prehearing conference held on June 28, 2002, the Verizon UNE phase will be divided into two parts, with the first stage addressing interim UNE rate proposals and the second stage reviewing updated cost studies for permanent UNE rates. This ruling also adopts criteria for cost filings and grants a pending intervention request. A newly revised service list for this proceeding is attached to this ruling.

Revised Schedule to Set Interim UNE Rates

At the June 28 prehearing conference, Commissioner Duque and I ruled that parties should file proposals by July 30, 2002 for interim UNE rates for Verizon. Commissioner Duque and I urged parties to stipulate to one methodology to set interim rates. Any proposals filed on that date should contain a comprehensive description of the methodology used to arrive at interim rates, all supporting cost studies or models, workpapers and supporting materials, sworn declarations in support of the filing, and electronic versions of any cost models. Any interim pricing proposals should also contain a listing of the UNEs for which interim prices are proposed and a justification of why those particular UNEs were chosen for interim pricing.

Comments on the proposals shall be filed and served on August 20, 2002, and reply comments shall be filed and served on September 6, 2002. A copy of all filings should be sent electronically to the service list and to ALJ Dorothy Duda at dot@cpuc.ca.gov.

Revised Schedule to Set Permanent UNE Rates

At the June 28 prehearing conference, Commissioner Duque and I ruled that updated cost models and studies should be filed in this proceeding in order to set permanent UNE rates for Verizon, as well as prices for nonrecurring costs and price floors for Category II services.

The following schedule should apply to the permanent phase of this case, subject to change by further ruling of the ALJ:

March 14, 2003	Filing of cost studies/models, explained and supported through Opening Comments, witness declarations, workpapers, supporting materials, and electronic versions of cost models.
April 1-2, 2003	Technical Workshop on cost studies/models

April 30-May 1, 2003	Technical Workshop on cost studies/models
May 16, 2003	Reply Comments on cost studies/models
June 20, 2003	Rebuttal Comments on cost studies/models
June 30, 2003	Deadline for motions requesting hearings. Any motions must justify the need for an evidentiary hearing by identifying the material disputed factual issues on which hearing should be held. In addition, any motion should identify the general nature of the evidence the party proposes to introduce at the requested hearing. Any right a party may otherwise have to an evidentiary hearing for the presentation of facts will be waived if the party does not follow the above procedure for a timely request.
July 11, 2003	Ruling on need for hearings and submission of case (if request for hearings not granted).
October 11, 2003	Proposed Decision Issued (if hearings not required).

If Hearings Required:

July 21 through August 1, 2003	Evidentiary Hearings (Further details to come in a future ruling)
August 29, 2003	Concurrent opening briefs
September 30, 2003	Reply briefs and case submitted
December 30, 2003	Proposed Decision issued

As specified for interim pricing proposals, a copy of all filings should be sent electronically to the service list and to ALJ Dorothy Duda at dot@cpuc.ca.gov.

Cost Filing Criteria

All cost filings in this proceeding, both interim and updated permanent filings, should employ the Total Element Long Run Incremental Costing (TELRIC) methodology and adhere to the Consensus Costing Principles set forth in D.95-12-016. In addition, these filings should follow the cost modeling guidance provided by the Commission to GTEC (now Verizon) in D.96-08-021, in a ruling by ALJ McKenzie in this proceeding dated June 18, 1997, and various other rulings and orders of the Commission related to the TELRIC methodology. Where Verizon or any other party believes that deviations from prior Commission guidance are in order, such deviations should be explained and justified in full.

In addition, I will apply the same criteria to cost filings in this proceeding that were recently specified in Application (A.) 01-02-024 *et al.* to reexamine UNE prices for Pacific Bell Telephone Company.¹ Specifically, any cost models or cost studies filed in this proceeding must allow parties to:

- 1) Reasonably understand how costs are derived by:
 - a. Providing access to all interested parties of the model and all underlying data, formulae, computations, software, engineering assumptions, and outputs; and

¹ See A.01-02-024/A.02-02-035/A.02-02-031/A.02-02-032/A.02-02-034/A.02-03-002, "Scoping Memo for Consolidated 2001/2002 Unbundled Network Element Reexamination for Pacific Bell Telephone Company," June 12, 2002.

- b. Allowing interested parties to examine and modify the critical assumptions and engineering principles.
- 2) Generally replicate the cost model or cost study calculations; and
- 3) Propose changes in inputs and assumptions in order to modify the costs produced.

Motion to Intervene

On July 2, 2002, Z-Tel Communications, Inc. (Z-Tel) filed a motion to intervene in this proceeding. There were no responses to the motion.

Z-Tel is a competitive local exchange carrier that has focused on service to residential consumers and seeks to expand its offerings to small and mid-sized businesses in California. Z-Tel provides its services using UNEs in combination with its own equipment.

Z-Tel requests to intervene because it has a material stake in the prices that are established for Verizon's UNEs. Z-Tel maintains that it will not broaden the issues in the case and that it will coordinate with similar interests to ensure that its participation will not unduly delay the proceeding. Good cause having been shown, the request to intervene should be granted.

Service List

The service list for the Verizon UNE Phase has been updated to reflect new appearances at the June 28, 2002 prehearing conference and to delete several names that no longer wish to remain on the list. The newly revised service list is attached to this ruling. Parties should use this list for all future filings, including interim pricing proposals to be filed on July 30, 2002.

IT IS RULED that:

1. On July 30, 2002, parties shall file proposals for interim pricing of Verizon California's (Verizon) Unbundled Network Elements (UNEs), which the Commission will consider according to the schedule set forth in this ruling.

2. On March 14, 2003, Verizon, and any other party that chooses, shall file updated cost models and studies to set permanent UNE rates for Verizon, as well as prices for nonrecurring costs and price floors for Category II services.

3. Interim and permanent cost filings in this proceeding shall adhere to the criteria set forth in this ruling.

4. Parties should use the revised service list attached to this ruling for all future filings in this proceeding.

5. The motion to intervene filed by Z-Tel Communications, Inc. is granted.
6. The Process Office and the parties are directed to add the following name to the service list for the proceeding as an appearance for Z-Tel:

Michael B. Hazzard
Kelley Drye & Warren LLP
8000 Towers Crescent Drive, Suite 12
Vienna, VA 22182
703-918-2300
mhazzard@kelleydrye.com

Dated July 23, 2002, at San Francisco, California.

/s/ DOROTHY J. DUDA

Dorothy J. Duda
Administrative Law Judge

CERTIFICATE OF SERVICE

I certify that I have by mail this day served a true copy of the original attached Administrative Law Judge's Ruling Revising Schedule for Setting Unbundled Network Element Rates for Verizon California, Granting Intervention Request, and Updating Service List on all parties of record in this proceeding or their attorneys of record. In addition, service was also performed by electronic mail.

Dated July 23, 2002, at San Francisco, California.

/s/ FANNIE SID

Fannie Sid

N O T I C E

Parties should notify the Process Office, Public Utilities Commission, 505 Van Ness Avenue, Room 2000, San Francisco, CA 94102, of any change of address to insure that they continue to receive documents. You must indicate the proceeding number on the service list on which your name appears.

The Commission's policy is to schedule hearings (meetings, workshops, etc.) in locations that are accessible to people with disabilities. To verify that a particular location is accessible, call: Calendar Clerk (415) 703-1203.

If specialized accommodations for the disabled are needed, e.g., sign language interpreters, those making the arrangements must call the Public Advisor at (415) 703-2074 or TTY# 1-866-836-7825 or (415) 703-5282 at least three working days in advance of the event.

R.93-04-003, I.93-04-002 DOT/sid

***** SERVICE LIST *****

**Last Update on 22-JUL-2002 by: DYK
R9304003 VERIZON UNE PHASE
I9304002**

***** APPEARANCES *****

David J. Miller
Attorney At Law
AT&T
795 FOLSOM STREET
SAN FRANCISCO CA 94107
(415) 442-5509
davidjmiller@att.com
For: AT&T

Rosalie E. Johnson
Vice President
AT&T COMMUNICATIONS OF CALIFORNIA, INC.
795 FOLSOM STREET, SUITE 2149
SAN FRANCISCO CA 94107
(415) 442-2603
rejohnson@att.com
For: AT&T

Stephen P. Bowen
ANITA TAFF-RICE
Attorney At Law
BOWEN LAW GROUP
235 MONTGOMERY STREET, SUITE 920
SAN FRANCISCO CA 94104
(415) 394-7500
steve.bowen@bowenlawgroup.com
For: Covad Communications Company

William Cobb Iii
Attorney At Law
COVAD COMMUNICATIONS COMPANY
816 CONGRESS AVENUE, SUITE 1100
AUSTIN TX 78701
bcobb@covad.com
For: Covad Communications Company

David Marchant
Attorney At Law
DAVIS WRIGHT TREMAINE LLP
ONE EMBARCADERO CENTER, STE 600
SAN FRANCISCO CA 94111-3834
(415) 276-6568
davidmarchant@dwt.com

John L. Clark
Attorney At Law
GOODIN MACBRIDE SQUERI RITCHIE & DAY LLP
505 SANSOME STREET, SUITE 900
SAN FRANCISCO CA 94111
(415) 765-8443
jclark@gmssr.com
For: Tri-M Communications, Inc. dba TMC Communications

Glenn Stover
HANSON, BRIDGETT, MARCUS, VLAHOS & RUDY LLP
333 MARKET STREET, SUITE 2300
SAN FRANCISCO CA 94105
(415) 995-5832
gstover@hansonbridgett.com
For: TMC, Call America, Sage Telecom

Michael B. Hazzard
KELLEY DRYE & WARREN, LLP
8000 TOWERS CRESCENT DR. SUITE 1200
VIENNA VA 22182
(703) 918-2300
mhazzard@kelleydrye.com

Earl Nicholas Selby
Attorney At Law
LAW OFFICES OF EARL NICHOLAS SELBY
418 FLORENCE STREET
PALO ALTO CA 94301-1705
(650) 323-0990
ens@loens.com
For: XO California, Inc.

William C. Harrelson
Attorney At Law
MCIMETRO ACCESS TRANSMISSION SRVCES, LLC
201 SPEAR STREET
SAN FRANCISCO CA 94105
(415) 228-1090
william.harrelson@wcom.com
For: WORLDCOM, INC.

Marilyn H. Ash
Attorney At Law
MPOWER COMMUNICATIONS CORP.
175 SULLYS TRAIL, SUITE 300
PITTSFORD NY 14534
(716) 218-8678
mash@mpowercom.com
For: Mpower Communications Corp.

Martin Mattes
Attorney At Law
NOSSAMAN GUTHNER KNOX & ELLIOTT, LLP
50 CALIFORNIA STREET, 34TH FLOOR
SAN FRANCISCO CA 94111-4799
(415) 438-7273
mmattes@nossaman.com
For: INTERMEDIA COMMUNICATIONS, INC.

***** SERVICE LIST *****

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R9304003 VERIZON UNE PHASE
I9304002**

Ethan Sprague
Regulatory Analyst
PAC-WEST TELECOMM, INC.
1776 W. MARCH LANE, SUITE 250
STOCKTON CA 95207
(209) 926-3416
esprague@pacwest.com

Regina Costa
THE UTILITY REFORM NETWORK
711 VAN NESS AVE., STE 350
SAN FRANCISCO CA 94102
(415) 929-8876
rcosta@turn.org

Elaine M. Duncan
Attorney At Law
VERIZON SERVICE GROUP
711 VAN NESS AVENUE, SUITE 300
SAN FRANCISCO CA 94102
(415) 474-0468
elaine.duncan@verizon.com
For: Verizon

Catherine Kane Ronis
WILMER, CUTLER, & PICKERING
2445 M STREET, NW
WASHINGTON DC 20037
(202) 663-6380
cronis@wilmer.com
For: Verizon

Karen M. Potkul
Vice President-Legal & Regulatory Affair
XO CALIFORNIA INC.
1924 DEERE AVENUE, STE 110
SANTA ANA CA 92705
(949) 417-7766
karen.potkul@xo.com
For: XO CALIFORNIA, INC.

***** STATE EMPLOYEE *****

Victor F Banuelos
Telecommunications Division
AREA 3-D
505 VAN NESS AVE
San Francisco CA 94102
(415) 703-4223
vfb@cpuc.ca.gov

Natalie Billingsley
Office of Ratepayer Advocates
RM. 4101
505 VAN NESS AVE
San Francisco CA 94102
(415) 703-1368
nxb@cpuc.ca.gov
For: CPUC OFFICE OF RATEPAYER ADVOCATES

Dorothy Duda
Administrative Law Judge Division
RM. 5109
505 VAN NESS AVE
San Francisco CA 94102
(415) 703-2800
dot@cpuc.ca.gov

William Fung
Telecommunications Division
AREA 3-C
505 VAN NESS AVE
San Francisco CA 94102
(415) 355-5506
wwf@cpuc.ca.gov

William Johnston
Office of Ratepayer Advocates
RM. 4101
505 VAN NESS AVE
San Francisco CA 94102
(415) 703-2256
wej@cpuc.ca.gov

Simin Litkouhi
Office of Ratepayer Advocates
RM. 4101
505 VAN NESS AVE
San Francisco CA 94102
(415) 703-1522
sim@cpuc.ca.gov

Michaela Pangilinan
Telecommunications Division
AREA 3-D
505 VAN NESS AVE
San Francisco CA 94102
(415) 703-5953
wow@cpuc.ca.gov

***** INFORMATION ONLY *****

***** SERVICE LIST *****

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Bonnie K. Alexander
ALEXANDER CONSULTING
4944 CORTE PLAYA DE CASTILLA
SAN DIEGO CA 92124-4126
(858) 573-1785
bonniea@adnc.com
For: ALEXANDER CONSULTING

Jeff Compton
TELSCAPE
606 EAST HUNTINGTON DRIVE
MONROVIA CA 91016
(626) 415-1016
jcompton@tescape.net
For: Telscape

Charlie Born
Director, Regulatory Affairs
CITIZENS COMMUNICATIONS
PO BOX 340
ELK GROVE CA 95759
(916) 691-5510
cborn@czn.com
For: CITIZENS COMMUNICATIONS

Mark P. Schreiber
Attorney At Law
COOPER, WHITE & COOPER, LLP
201 CALIFORNIA STREET, 17TH FLOOR
SAN FRANCISCO CA 94111
(415) 433-1900
mschreiber@cwclaw.com
For: ROSEVILLE, CALAVERAS, CALIFORNIA-OREGON,
DUCOR, FORESTHILL, PONDEROSA, SIERRA TEL. CO.

Linda S. Vandeloop
Director Regulatory
SBC PACIFIC BELL
140 NEW MONTGOMERY STREET, ROOM 908
SAN FRANCISCO CA 94105
(415) 542-7556
linda.vandeloop@sbc.com
For: SBC Pacific Bell

Stephanie Krapf
Attorney At Law
SBC PACIFIC BELL
140 NEW MONTGOMERY STREET
SAN FRANCISCO CA 94105
(415) 542-7712
stephanie.krapf@sbc.com
For: SBC Pacific Bell

Todd F. Silbergeld
Attorney At Law
SBC PACIFIC BELL
140 NEW MONTGOMERY STREET, STE. 1718
SAN FRANCISCO CA 94105
(415) 542-6888
todd.silbergeld@sbc.com

******* SERVICE LIST *******

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For: SBC Pacific Bell